

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 42-20060030

IRP

For Tax Years 2003-04

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ISSUE

I. IRP—Audit Method

Authority: IC 6-8.1-4-2; IC 6-8.1-5-4; IC 9-28-4-6; IRP Article XVII.1702; 1999 IRP Information Handbook

Taxpayer protests the imposition of IRP fees.

STATEMENT OF FACTS

Taxpayer owns two trucks and hauls loads for third parties. As the result of an audit, the Indiana Department of Revenue ("Department") determined that taxpayer owed International Registration Plan ("IRP") fees for the tax years 2003 and 2004. Taxpayer protests the imposition of additional IRP fees. Further facts will be supplied as required.

I. IRP—Audit Method

Taxpayer protests the imposition of IRP fees for the tax years 2003 and 2004. The International Registration Plan is an agreement between various United States jurisdictions and Canada allowing for the proportional registration of commercial vehicles and providing for the recognition of such registrations in the participating jurisdictions. The agreement's goal is to promote the fullest possible use of the highway system by authorizing apportioned registration of fleets of vehicles. The agreement itself is not a statute, but was implemented in Indiana pursuant to the authority granted under IC 6-8.1-4-2 and IC 9-28-4-6.

For 2003 and 2004, the Department determined that taxpayer owed additional IRP fees. Taxpayer protests that the Department did not use the mileage he believed was correct. The Department based its determination on the best information available to it, since taxpayer did not keep records for the years at issue. This circumstance is addressed in the 1999 IRP Information Handbook at IRP 232, which states:

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“Operational Records” means documents supporting miles traveled in each jurisdiction and total miles traveled such as fuel reports, trip sheets and logs.

The reference on record keeping requirements is amplified on page 21, which states in relevant part:

Your operational records must be documents that support the miles traveled in each jurisdiction, and the total miles traveled.

Taxpayer protested the auditor’s report that the registrant’s recordkeeping was insufficient and the auditor’s consequent assessment for IRP fees.

IRP Article XVII.1702 states:

Assessments based on audit, interest on assessments, refunds, or credits or any other amounts including auditor’s per diem and travel shall be made in accordance with the statute of each jurisdiction involved with the audit of a registrant.

Accordingly, the department, representing a member jurisdiction of IRP, requested taxpayer records pursuant to IC 6-8.1-5-4 requirements:

Every person subject to a listed tax must keep books and records so that the department can determine the amount, if any, of the person’s liability for that tax by reviewing those books and records.

Since taxpayer did not keep records for the Department to review and determine the amount, if any of taxpayer’s liability for IRP fees, taxpayer has not met the burden imposed by IC 6-8.1-5-4. Taxpayer states that the Department did not challenge the number of miles for a related IFTA (International Fuel Tax Agreement) audit, and so the Department should accept those numbers on this IRP audit. The IRP and the IFTA are completely different systems with different goals and methods. The Department used the proper IFTA methods for the IFTA audit and here used the proper IRP methods for the IRP audit.

FINDING

Taxpayer’s protest is denied.

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